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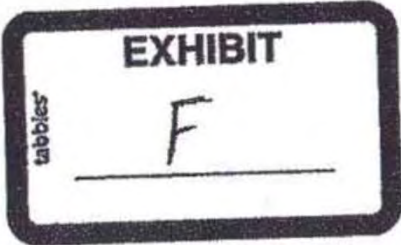
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Project Hermitage  
Restructuring

March 6 2013



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- II. Background
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- V. Conclusions

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I. Executive Summary

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## Executive Summary

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- ▶ The November 20 Proposal provides the basis for a formal or informal standstill period during which the Company can develop, negotiate and implement a structure providing a viable long term solution
- ▶ The November 20 Proposal has shown to be effective as an interim measure providing liquidity and stability to the Company but it is unlikely to provide a definitive solution. One significant obstacle to its long-term implementation is the transfer of cash flows away from banks towards charterers
- ▶ In considering alternatives for a financial restructuring, the Company sought to achieve the following key objectives:
  - Compensate stakeholders adequately for their risk-weighted capital exposure and concessions
  - Constrain cross subsidization between stakeholders related to different underlying assets
  - Ring-fence potential sources of disruption, holdout, or nuisance (such as arrests or sister-ship arrests)
  - Maximize options for stakeholders and potential for self-selection
- ▶ A long term plan involves grouping and ringfencing assets according to their debt service capacity and sensitivity to a recovery in rates.
- ▶ This can be achieved by executing arms-length sale transactions of the [SPVs] at market value into appropriate newcos:
  - a) Newco Alpha: up to 29 vessels (mostly Tanker operations) financed by "Hamburg" banks, Natixis, Credit Europe (including Second Lien), NSF Second Lien and Lloyds; Alpha to be partially recapitalized with new equity and financed through 5 different facilities
  - b) Newco Beta: 4 vessels financed by CCB and CDB.
  - c) Group C: GB Global, NSF (South and East)
  - d) Group D: the remaining vessels, essentially comprised of Icon, Octavian, Stealth, FSL

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II. Background

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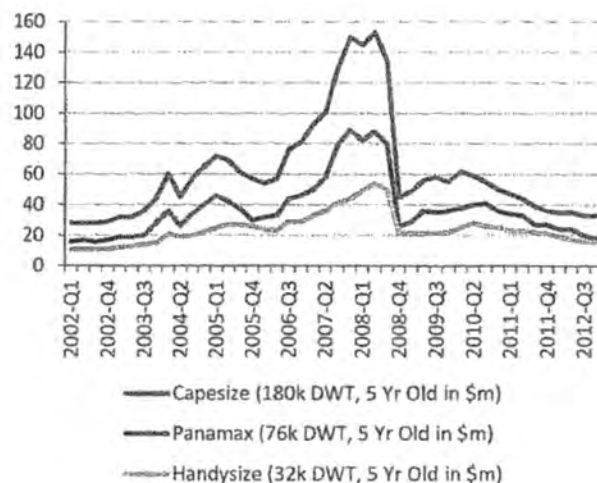


## Background

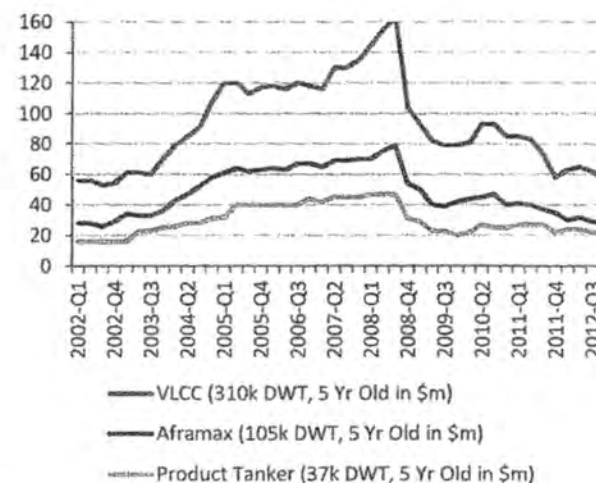
### The Market

- ▶ Neither the tanker nor the bulker market recovered through 2012 and vessel earnings have remained low
  - The tanker market has shown signs of firmness in Q1 2013 but there is little optimism for a sustained recovery before Q3 2013
  - The bulker market continues to be very weak and has performed slightly below the Nov 20 Business Plan forecast during Q1 2013
- ▶ Asset values have continued to deteriorate through the end of 2012. The latest levels as per Clarkson Research sustained decline to multiyear lows:
  - 5yr old VLCC, Aframax and Product tankers at \$57m, \$28m, and \$22m
  - 5yr old Capesize, Panamax, and Handysize at \$33m, \$18m, and \$16m

Secondhand Bulkers (\$m)



Secondhand Tankers (\$m)



Source: Clarkson Research

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## Background

### The Company

- ▶ The Company has actively been managing its portfolio since 2008, mainly via:
  - The investment of c.\$700m in equity along with \$1.8B of bank and sale-leaseback (18) financing
  - The Sale of 12 vessels upon delivery for net proceeds of \$136m
  - The Sale of 17 vessels operating within the fleet for net proceeds of \$79m
  - The sale –leaseback of 18 vessels to finance \$665m in deliveries of which 7 in 2013 (\$171m)
- ▶ Earnings from vessels financed by banks have fallen \$45m short of debt service in the period 2011-2012. Similarly, earnings from bareboat vessels have fallen \$43m short of obligations in the period 2011-2012.
- ▶ In order to maintain minimum operational liquidity, the Company has instituted a moratorium during the first quarter including the following measures
  - Deferral of 100% from all lenders other than CCB and CDB who have already agreed to a debt rescheduling starting from Q4 2012
  - Deferral of some November and December 2012 principal repayments
  - Deferral of 35% of the bareboat hire payments
  - Refinancing of Royal via Credit Europe facility; Repayment of 2012 bank principal overdue <sup>(1)</sup>
  - Management of supplier overdue through the quarter
- ▶ While all stakeholders have reserved their rights, some specific stakeholder actions have affected the cash flows
  - Unicredit has drawn on its deposit accounts
  - Icon issued a lien notice to the charterers and has directly received charter income
- ▶ With above measures and actions, available cash is projected at only c.\$23.8m including retention at the end of March and c.\$7.5m in restricted cash deposits

<sup>(1)</sup> Does not include default interest, margin increases and bank fees

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## Company and Fleet Overview

### The Company – Recent Events

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#### ► Flash

1. The Flash ran aground at the end of June and is currently arrested in Tunisia
2. The customer has invoked damage of goods (wet coal) and has refused to take delivery
3. 180 days have elapsed as of Feb 2013, potentially giving rise to a Constructive Total Loss on a hull coverage of \$110m
4. The claim has been rejected by the Club on the basis that the damage is to cargo
5. An arbitrator is to be appointed week of Mar 4 2013

#### ► Baytur

1. Baytur is expected to be delivered in the first week of April for \$13.6m in proceeds

#### ► Royal Refinancing

1. The Royal was refinanced through a \$37.5m facility with Credit Europe
2. Credit Europe has cross-collateralized its second lien on the Namrun and the Scope (behind Natixis) with a second mortgage on the Royal
3. \$10m has been paid to HSH and \$10m is outstanding to the yard

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## Company and Fleet Overview

### Employment, Tanker

Tankers									
Ref	Vessel	Type	Daily Charter Net Rate	Charterer	Maturity	Profit Share End Date	Option Rate	Option Maturity	Option (Month)
1	MT AQUA	Aframax Tanker	12,675	CHEVRON	Apr-13	-	12,675	Oct-13	6
2	MT ACTION	Aframax Tanker	12,706	URSA SHIPPING	Mar-13	-	12,706	May-13	2
3	MT TARGET	Aframax Tanker	11,500	SHELL	Apr-17	Jun-14	11,500	Apr-22	60
4	MT TRUE	Aframax Tanker	11,500	SHELL	Apr-17	Jun-14	11,500	Apr-22	60
5	MT SPIKE	Aframax Tanker	12,825	URSA SHIPPING	Mar-13	-	12,825	Oct-13	6
6	MT AVOR	Aframax Tanker	13,063	URSA SHIPPING	Aug-13	-	13,063	Feb-14	6
7	MT VALUE	Aframax Tanker	11,500	SHELL	Apr-17	Jun-14	11,500	Apr-22	60
8	MT BRAVO	Aframax Tanker	11,500	SHELL	Apr-17	Jun-14	11,500	Apr-22	60
9	MT POWER	Aframax Tanker	11,500	SHELL	Apr-17	Jun-14	11,500	Apr-22	60
10	MT PROFIT	Suezmax Tanker	13,000	SHELL	Apr-15	Jun-14	13,000	Apr-18	36
11	MT CENTER	Suezmax Tanker	15,675	NIDAS	Jun-13	-	19,500	Jun-14	12
12	MT BLUE	Suezmax Tanker	13,000	SHELL	Apr-15	Jun-14	13,000	Apr-18	36
13	MT PINK	Suezmax Tanker	36,834	GLENCORE	Jun-15	-	36,834	Jun-15	-
14	MT BLANK	Suezmax Tanker	13,000	SHELL	Apr-15	Jun-14	13,000	Apr-18	36
15	MT REEF	Suezmax Tanker	37,080	GLENCORE	Jul-15	-	37,080	Jul-15	-
16	MT HERO	Suezmax Tanker	13,000	SHELL	Nov-15	Jun-14	13,000	Nov-18	36
17	MT ROYAL	Suezmax Tanker	13,000	SHELL	Nov-15	Jun-14	13,000	Nov-18	36
18	MT ENJOY	Panamax Tanker	13,825	CSSA	Mar-14	-	-	Mar-14	-
19	MT MARKA	Panamax Tanker	11,959	Panamax International (P.I.)	Jun-13	-	12,925	Dec-13	6
20	MT CITRON	MR Pro/Chem Tanker	13,380	SHELL	May-13	-	13,380	Jul-13	2
21	MT CITRUS	MR Pro/Chem Tanker	13,380	SHELL	Jul-13	-	13,380	Sep-13	2
22	MT ACOR	Ice Class Pro/Chem Tanker	11,700	NORDEN	Apr-13	-	-	May-13	1
23	MT CARRY	Ice Class Pro/Chem Tanker	11,150	NORDEN	Aug-13	-	-	Sep-13	1
24	MT ROVA	Ice Class Pro/Chem Tanker	12,250	CSSA	Nov-13	-	-	Dec-13	1
25	MT COTTON	Ice Class Pro/Chem Tanker	12,250	CSSA	Nov-13	-	-	Dec-13	1
26	MT CARGO	Ice Class Pro/Chem Tanker	11,690	NORDEN	May-13	-	-	Jun-13	1
27	MT ROCK	Ice Class Pro/Chem Tanker	11,690	NORDEN	Mar-13	-	-	Apr-13	1
28	MT ROCKET	Ice Class Pro/Chem Tanker	11,690	NORDEN	Jun-13	-	-	Jul-13	1



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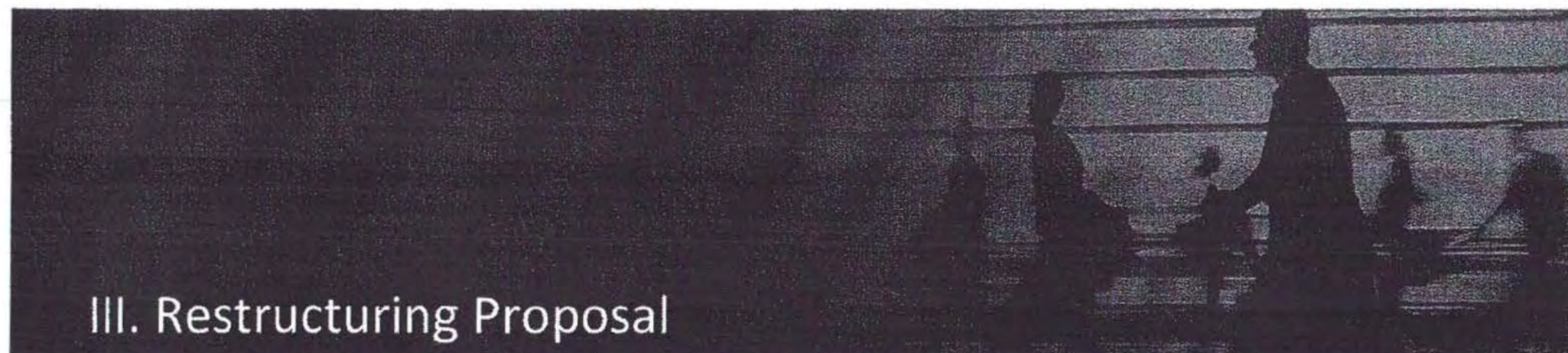
## Company and Fleet Overview

### Employment, Bulk

Bulkers									
Ref	Vessel	Type	Daily Charter Net Rate	Charterer	Maturity	Profit Share End Date	Option Rate	Option Maturity	Option (Month)
31	MV SCOPE	Capesize Bulk Carrier	10,000	SWISS MARINE	Oct-13	-	-	May-14	7
32	MV FLASH	Capesize Bulk Carrier		ARRESTED	-	-	-	Jan-00	-
33	MV PROUD	Capesize Bulk Carrier	56,000	COSCO	Jun-14	-	-	Jun-14	-
34	MV ANGEL	Capesize Bulk Carrier	4,533	SWISS MARINE	Mar-13	-	-	Mar-13	-
35	MV PRETTY	Capesize Bulk Carrier	7,600	SWISS MARINE	Feb-13	-	-	May-13	3
36	MV CASH	Kamsarmax Bulk Carrier		N/A	-	-	-	Jan-00	-
37	MV COLLECTION	Kamsarmax Bulk Carrier		N/A	-	-	-	Jan-00	-
38	MV CITY	Kamsarmax Bulk Carrier		N/A	-	-	-	Jan-00	-
39	MV ASIA	Supramax Bulk Carrier	7,014	SUPREME BULK CARRIERS	Jan-13	-	7,014	Apr-13	3
40	MV FANTASTIC	Supramax Bulk Carrier	6,978	SUPREME BULK CARRIERS	Jan-13	-	6,978	Apr-13	3
41	MV AMAZING	Supramax Bulk Carrier	7,267	SUPREME BULK CARRIERS	Feb-13	-	7,267	May-13	3
42	MV TARSUS	Supramax Bulk Carrier	6,978	SUPREME BULK CARRIERS	May-13	-	6,978	Jul-13	2
43	MV SPOT	Supramax Bulk Carrier	10,925	COPA	Feb-13	-	-	Feb-13	-
44	MV CLEAR	Supramax Bulk Carrier	5,850	Denmar Chartering & Trading GMBH Hamburg, Germany	May-13	-	5,850	May-13	
45	MV NAMRUN	Supramax Bulk Carrier	7,256	SUPREME BULK CARRIERS	Jan-13	-	7,256	Apr-13	3
46	MV BAYTUR	Supramax Bulk Carrier	6,978	SUPREME BULK CARRIERS	Jan-13	-	6,978	Apr-13	3
47	MV SOUTH	Supramax Bulk Carrier	6,978	SUPREME BULK CARRIERS	Jan-13	-	6,978	Apr-13	3
48	MV EAST	Supramax Bulk Carrier	8,422	WORLDWIDE INVESTMENT	Feb-13	-	8,422	Feb-13	-
49	MV WEST	Supramax Bulk Carrier	7,219	SUPREME BULK CARRIERS	Jan-13	-	7,219	Apr-13	3
50	MV SECRET	Supramax Bulk Carrier	8,422	SUPREME BULK CARRIERS	Jan-13	-	8,422	Apr-13	3
51	MV SHARP	Supramax Bulk Carrier	8,075	SIVA BULK	May-13	-	-	Jan-00	2
52	MV CAPITAL	Supramax Bulk Carrier	8,075	SIVA BULK	May-13	-	-	Jan-00	2
53	MV METROPOL	Supramax Bulk Carrier	7,219	SUPREME BULK CARRIERS	Mar-13	-	-	Jan-00	-
54	MV WORLD	Supramax Bulk Carrier	8,265	SIVA BULK	Apr-13	-	8,265	Jul-13	-
55	MV EARTH	Mini Bulk Carrier		On Spot	-	-	-	Jan-00	-
56	MV WIND	Mini Bulk Carrier		On Spot	-	-	-	Jan-00	-
29	MT CV STEALTH	Aframax Tanker	11,700	PT Armada	Mar-13	-	11,700	Apr-13	1
30	MT CS STEALTH	Aframax Tanker	12,255	Petrovietnam Transport Corp	Mar-13	-	12,255	Mar-13	



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### III. Restructuring Proposal

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## Restructuring Proposal

### Key Assumptions

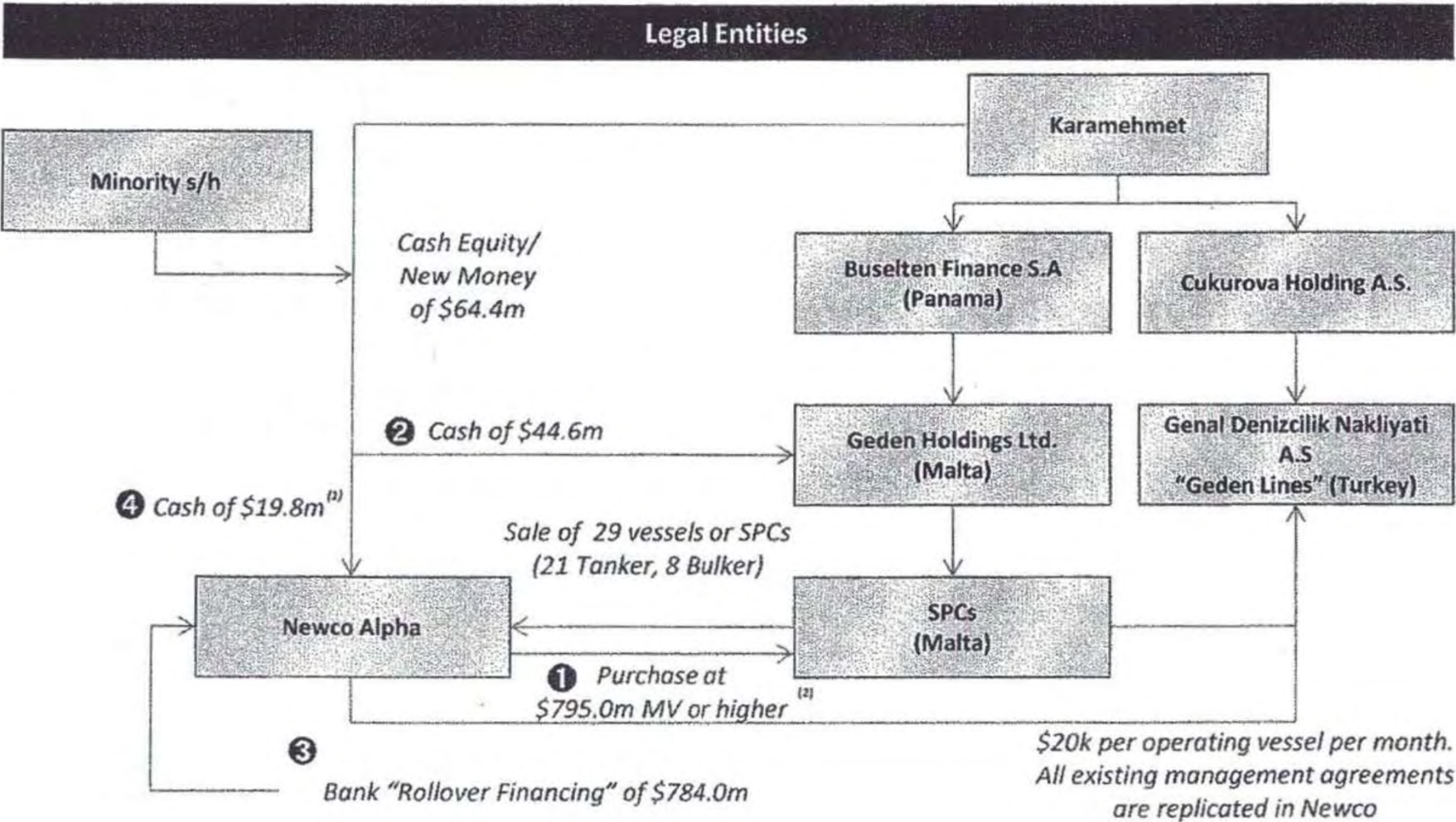
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- ▶ Key assumptions under the Plan include
  - All ships sold at minimum of market value or value of loan and on an arms-length basis.
  - There will be some change in the ownership in the go-forward entities Newco Alpha and Beta (in order to protect relevant lenders from sister ship arrests in South Africa – type jurisdictions)
  - Stakeholders in groups C and D will have the option to move into A subject to loan modifications adhering to the conditions prevalent in that entity.
  - Stakeholders in C and D can have their vessels redelivered subject to acceptable terms for termination.
- ▶ The Company would prefer a coordinated financing approach in Newco
- ▶ The Second Lien debt relating to NSF and Credit Europe is transferred/novated upon the sale. There may be an opportunity to renegotiate terms of mezzanine debt (NSF, Credit Europe) as part of the sale but it has not been contemplated here
- ▶ Deposits related to facilities (Unicredit, Profit, etc.) are netted the outstanding loan amounts; the loans are reconstituted after the transaction and the deposits are eliminated

Plan B – Split of Fleet via Newco A

Newco A Example

- ▶ **Newco Alpha:** Intended to form a viable standalone entity of up to 29 vessels (21 Tanker and 8 Bulker) in which the quality of vessel earnings would enable limited deferrals compared to those required in the November 20 proposal; New equity provided in the transaction to reduce total bank exposure and improve LTV coverage ratio for the majority of the facilities
- ▶ **Assumptions :** 1) Sale of ships at market value from Olco to Newco 2) Equity to fund any shortfall in collateral in Oldco 3) New bank financing in Newco provided at 95% LTV 4) New Equity in Newco as required for 95% LTV.



Note: Indicative transaction structure subject to legal due diligence

<sup>(1)</sup> Equity of \$1.1m also as a result of transfer of Namion at value greater than senior debt

<sup>(2)</sup> \$52.6m financed in excess of market value of assets



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**Plan B – Split of Fleet via Newco: Alpha****Structuring: Facility #1**

- **Facility#1:** Newco Alpha financing at 95% LTV, LIBOR +3% on a 15 year loan profile from delivery date based 20 year working life minus 5 years. Pro Forma debt in Facility#1 includes second liens behind Natixis related to Credit Europe (\$16.1m)

Type	Facility	Name	Current LTV	Pro Forma LTV	(A) Actual Outstanding Loan <sup>(1)</sup>	(B) Current Estimated Value	(C) Excess / (Shortfall) upon sale [B-A]	(D) Capital required in NewCo (LTV of 95%) [B*(1-95%)]	(E) Capital required in NewCo (LTV of 95%) and to cover deficiency [D+Negative C]	(F) Equity going into into OldCo [Positive C]	(G) New debt drawdown [D - A]
FACILITY #1 Hamburg banks paid down to 95% LTV including any current shortfalls											
Aframax	NLB	Target	99%	95%	28.7	29.0	0.3	1.5	1.5	0.3	27.6
Aframax	NLB	True	108%	95%	33.4	31.0	(2.4)	1.6	4.0	0.0	29.5
Aframax	Unicredit	Value	95%	95%	31.5	33.0	0.0	1.7	1.7	0.0 <sup>(4)</sup>	31.4
Aframax	Unicredit	Bravo	95%	95%	31.5	33.0	0.0	1.7	1.7	0.0 <sup>(4)</sup>	31.4
Aframax	Unicredit	Power	97%	95%	31.9	33.0	0.0	1.7	1.7	0.0 <sup>(4)</sup>	31.4
Suezmax	DVB NLB	Profit	96%	95%	39.4	41.0	1.6	2.1	2.1	1.6	39.0
Suezmax	CB NLB BrLB	Blue	99%	95%	40.5	41.0	0.5	2.1	2.1	0.5	39.0
Suezmax	HSB 1	Hero	99%	95%	48.5	49.0	0.5	2.5	2.5	0.5	46.6
MR	HSB 2	Citron	107%	95%	22.5	21.0	(1.5)	1.1	2.6	0.0	20.0
MR	HSB 2	Citrus	107%	95%	23.6	22.0	(1.6)	1.1	2.7	0.0	20.9
Handy	DVB NLB SAN	Acor	96%	95%	20.1	21.0	0.9	1.1	1.1	0.9	20.0
Handy	DVB NLB SAN	Carry	100%	95%	21.0	21.0	0.0	1.1	1.1	0.0	20.0
Handy	DVB NLB SAN	Rova	100%	95%	21.0	21.0	0.0	1.1	1.1	0.0	20.0
Handy	DVB NLB	Cotton	100%	95%	21.0	21.0	0.0	1.1	1.1	0.0	20.0
Handy	DVB NLB	Cargo	91%	95%	21.0	23.0	2.0	1.2	1.2	2.0	21.9
Handy	DVB NLB	Rock	95%	95%	21.9	23.0	1.1	1.2	1.2	1.1	21.9
Handy	DVB NLB	Rocket	95%	95%	21.9	23.0	1.1	1.2	1.2	1.1	21.9
Handymax	DVB	Asia	102%	95%	19.4	19.0	(0.4)	1.0	1.3	0.0	18.1
Mini Bulker	DVB	Earth	98%	95%	2.9	3.0	0.1	0.2	0.2	0.1	2.9
Mini Bulker	DVB	Wind	98%	95%	2.9	3.0	0.1	0.2	0.2	0.1	2.9
Subtotal Facility #1		20	99%	95%	504.7 <sup>(1)</sup>	511.0	(5.9) <sup>(2)</sup>	25.6	31.5 <sup>(3)</sup>	12.2	485.5

<sup>(1)</sup> To be adjusted for repayments before closing of the transaction (figures do not include principal repayments made week ending Feb 22)

<sup>(2)</sup> Represents sum of shortfall only

<sup>(3)</sup> Total amount of equity related to sale / purchase of vessels in Facility #1

<sup>(4)</sup> \$4.1m related to excess collateral in Unicredit facility could be eliminated and repaid/refinanced through NSF 2<sup>nd</sup> Lien

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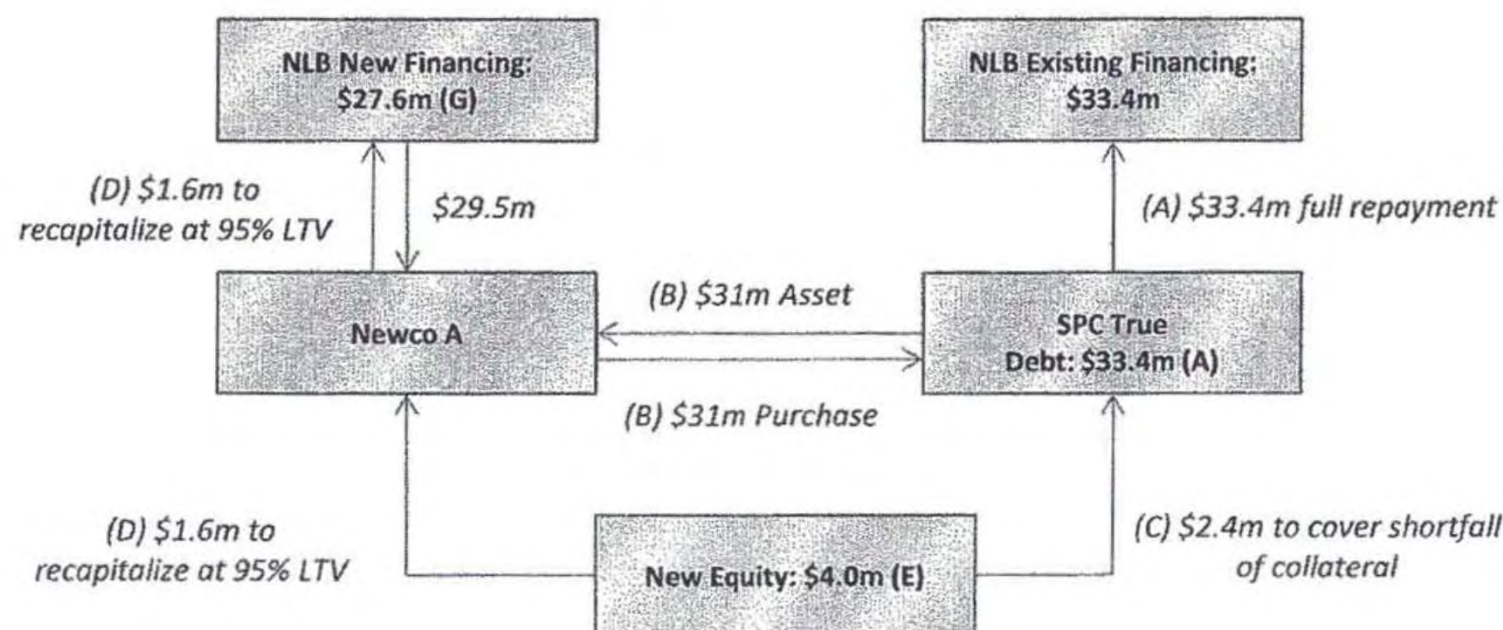


## Plan B – Split of Fleet via Newco: Alpha

### Structuring – Example #1

Type	Facility	Name	Current LTV	Pro Forma LTV	(A) Actual Outstanding Loan	(B) Current Estimated Value	(C) Excess / (Shortfall) upon sale [B-A]	(D) Capital required in NewCo (LTV of 95%) [B*(1-95%)]	(E) Capital required in NewCo (LTV of 95%) and to cover deficiency [D+Negative C]	(F) Equity going into into OldCo [Positive C]	(G) New debt drawdown [D - A]
Aframax	NLB	True	108%	95%	33.4	31.0	2.4	1.6	4.0	0.0	29.5

1. True is sold from Oldco to Newco Alpha at market value \$31m (B)
2. Any shortfall against the mortgage is funded by \$2.4m new equity (C) and the whole of the Oldco debt is paid down. If there is value above the mortgage, the excess cash remains in Oldco
3. NLB and New Equity recapitalize Newco at a maximum of 95% LTV; NLB has reduced its exposure by \$3.9m and improved LTV by 13%



Note: Indicative transaction structure subject to legal due diligence

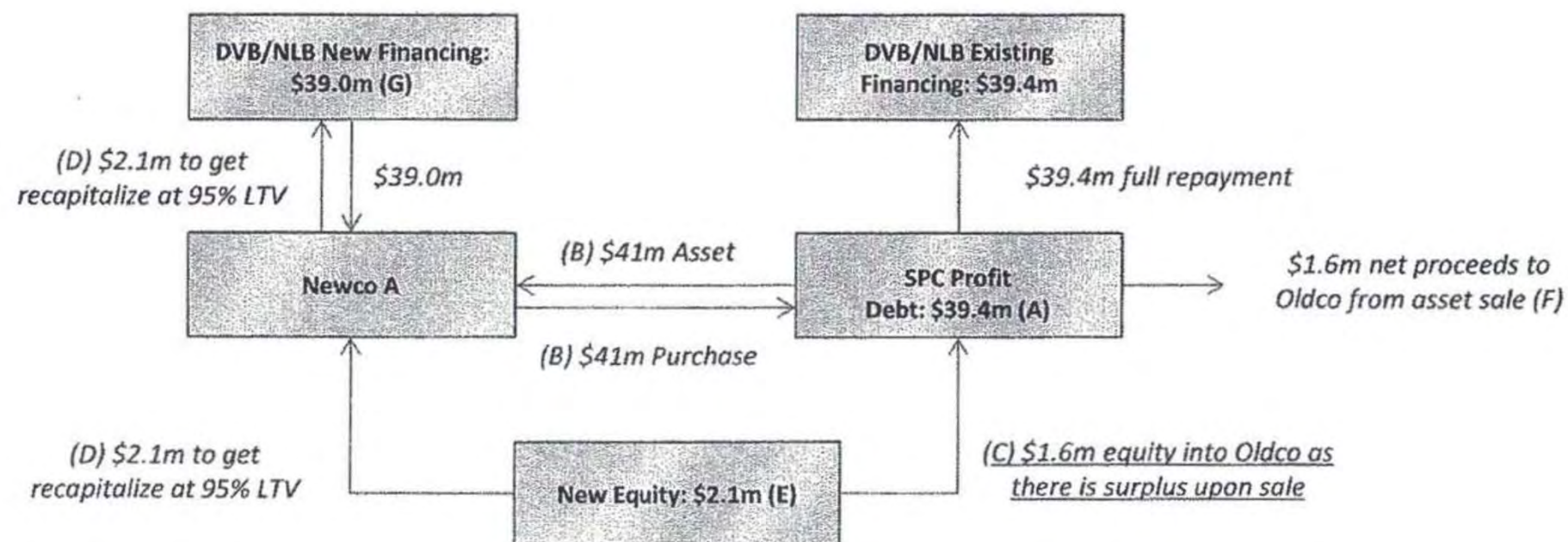


## Plan B – Split of Fleet via Newco: Alpha

### Structuring – Example #2

Type	Facility	Name	Current LTV	Pro Forma LTV	(A) Actual Outstanding Loan	(B) Current Estimated Value	(C) Excess / (Shortfall) upon sale [B-A]	(D) Capital required in NewCo (LTV of 95%) [B*(1-95%)]	(E) Capital required in NewCo (LTV of 95%) and to cover deficiency [D+Negative C]	(F) Equity going into into OldCo [Positive C]	(G) New debt drawdown [D - A]
Suezmax	DVB NLB	Profit	96%	95%	39.4	41.0	1.6	2.1	2.1	1.6	39.0

1. Profit is sold from Oldco to Newco Alpha at \$41m market value (B)
2. If there is value above the mortgage, the excess cash remains in Oldco (C). Any shortfall would need to be funded via additional equity
3. DVB and New Equity recapitalize Newco at maximum of 95% LTV; NLB has reduced its exposure by \$0.4m and improved LTV by 1%



Note: Indicative transaction structure subject to legal due diligence



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## Plan B – Split of Fleet via Newco: Alpha

### Structuring

- ▶ Facility#2: Lloyds vessels sold and refinancing provided on the same terms
- ▶ Facility#3: Natixis vessels sold and refinancing provided on the same terms; Namrun facility extended and ship potentially sold in 2-3 yrs
- ▶ Facility#4: Credit Europe sold and refinancing provided on the same terms
- ▶ Facility#5: Dekabank vessels sold and refinancing provided on PAYC basis and no covenants
- ▶ Facility#6: NSF Second Lien behind Unicredit on the same terms

Type	Facility	Name	Current LTV	Pro Forma LTV	(A) Actual Outstanding Loan	(B) Current Estimated Value	(C) Excess / (Shortfall) upon sale [B-A]	(D) Capital required in NewCo (LTV of 95%) [B*(1-95%)]	(E) Capital required in NewCo (LTV of 95%) and to cover deficiency [D+Negative C]	(F) Equity going into into OldCo [Positive C]	(G) New debt drawdown [D - A]
<b>FACILITY #2 Lloyds facility rolled over into Newco Alpha on existing terms</b>											
Suezmax	Lloyds	Pink	85%	85%	37.3	44.0	6.7	6.7	6.7	6.7	37.3
Suezmax	Lloyds	Blank	68%	68%	32.2	47.0	14.8	14.8	14.8	14.8	32.2
Suezmax	Lloyds	Reef	75%	75%	34.6	46.0	11.4	11.4	11.4	11.4	34.6
<b>FACILITY #3 Natixis facilities rolled over into Newco Alpha on existing terms</b>											
Capesize	Natixis 1	Scope	87%	87%	23.4	27.0	n/a	n/a	n/a	n/a	23.4
Handymax	Natixis 2	Namrun	88%	88%	14.0	16.0	n/a	n/a	n/a	n/a	14.0 <sup>(2)</sup>
<b>FACILITY #4 Loan includes \$37.5m new refinancing from Credit Europe plus \$16.1m 2<sup>nd</sup> priority loans relating to the Scope and the Namrun</b>											
Suezmax	Credit Europe	Royal	107% <sup>(1)</sup>	107%	53.6	50.0	n/a	n/a	0.0	0.0	53.6
<b>FACILITY #5 Deka facility rolled over into Newco but paid only from available cash from these vessels</b>											
Handymax	Deka	Tarsus	133%	133%	24.0	18.0	n/a	n/a	n/a	n/a	24.0
Handymax	Deka	Spot	139%	139%	25.0	18.0	n/a	n/a	n/a	n/a	25.0
Handymax	Deka	Clear	139%	139%	25.0	18.0	n/a	n/a	n/a	n/a	25.0
<b>FACILITY #6 NSF 2<sup>nd</sup> Lien facilities</b>											
			n/a	n/a	25.5	n/a	n/a				25.5
<b>TOTAL Newco Alpha</b>											
	29	97%	95%	799.3	795.0	(5.9) <sup>(3)</sup>	58.5	64.4	44.6	784.0	
					MV of Newco Alpha Assets			Total Capital required		New Alpha debt	

<sup>(1)</sup> Royal refinancing includes second lien; LTV on first lien is 75%

<sup>(2)</sup> Equity value from the rollover of the Namrun loan on \$16m in MV; equity not retained by Oldco due to 2<sup>nd</sup> Lien by Credit Europe

<sup>(3)</sup> Represents sum of shortfall only

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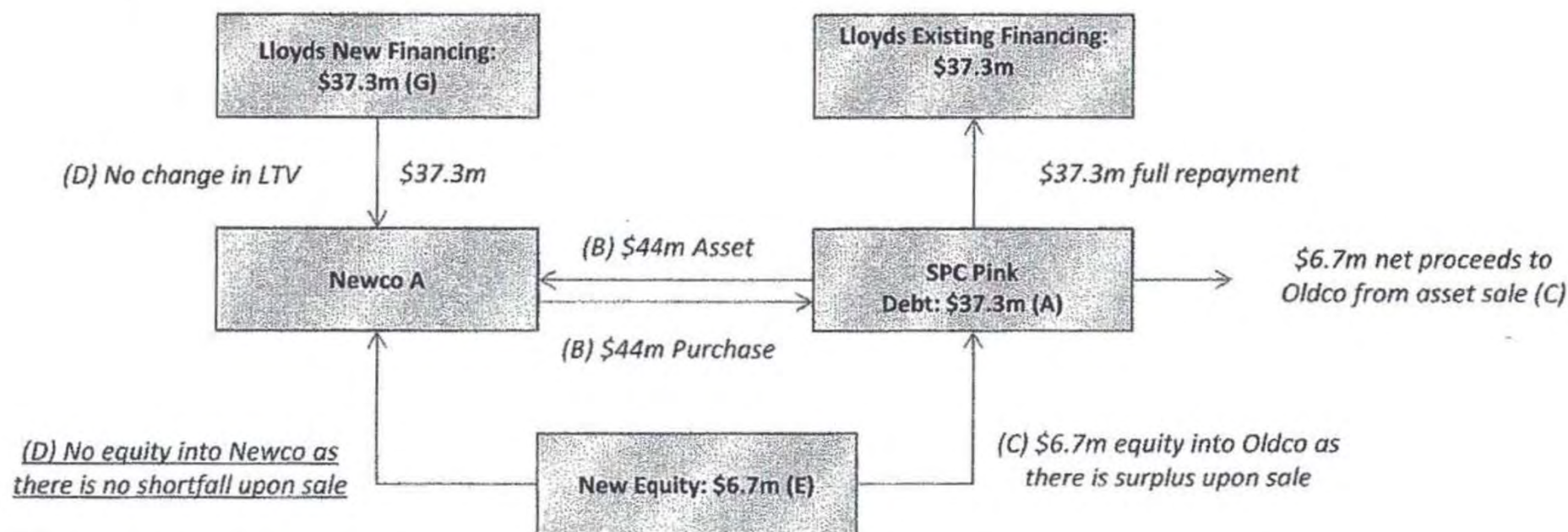


## Plan B – Split of Fleet via Newco: Alpha

### Structuring – Example #3

Type	Facility	Name	Current LTV	Pro Forma LTV	(A) Actual Outstanding Loan	(B) Current Estimated Value	(C) Excess / (Shortfall) upon sale [B-A]	(D) Capital required in NewCo	(E) Capital required in NewCo (LTV of 95%) and to cover deficiency [D+Negative C]	(F) Equity going into OldCo into OldCo [Positive C]	(G) New debt drawdown [D - A]
Suezmax	Lloyds	Pink	85%	85%	37.3	44.0	6.7	6.7	6.7	6.7	37.3

1. Pink is sold from Oldco to Newco Alpha at market value (B)
2. The excess cash over the mortgage value remains in Oldco (C)
3. Lloyds and New Equity recapitalize Newco at a maximum of 95% LTV; Given that coverage is lower than 95% (85%), no new equity is required upon refinancing of Newco with \$37.3m in debt



Note: Indicative transaction structure subject to legal due diligence

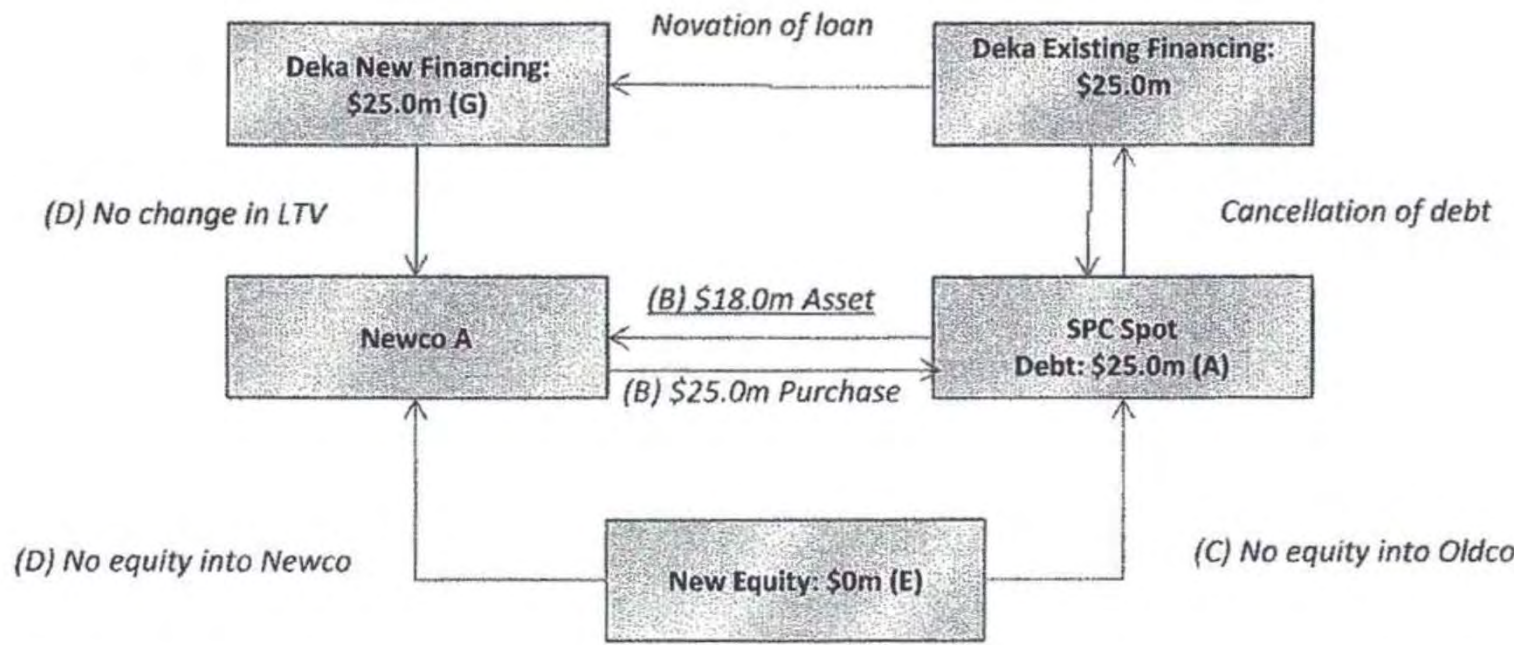


Plan B – Split of Fleet via Newco: Alpha  
Structuring – Example #4

Type	Facility	Name	Current LTV	Pro Forma LTV	(A) Actual Outstanding Loan	(B) Current Estimated Value	(C) Excess / (Shortfall) upon sale [B-A]	(D) Capital required in NewCo	(E) Capital required in NewCo (LTV of 95%) and to cover deficiency [D+Negative C]	(F) Equity going into into OldCo [Positive C]	(G) New debt drawdown [D - A]
Handymax	Deka	Spot	139%	139%	25.0	18.0		0.0	0.0	0.0	25.0

- 1. Spot is sold from Oldco to Newco Alpha at \$25m being equivalent to outstanding loans
- 2. Loans are novated to Newco
- 3. Loans are paid out of available cash on the vessel only

Amount of loan novated is beyond market value at the time of the transaction; no recapitalization



Note: Indicative transaction structure subject to legal due diligence

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**Plan B – Split of Fleet via Newco: Alpha**  
Structuring – Sources and Uses, Pro Forma Balance Sheet

Sources		Uses	
New equity <sup>(1)</sup>	64.4	Purchase of assets	784.0
New financing	784.0	Net bank debt paydown	19.3
		Equity to cover collateral shortfall and excess value	45.1
Total Sources	\$848.4	Total Uses	\$848.4

<sup>(1)</sup> Does not include additional liquidity for operational cash.

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## Plan B – Split of Fleet via Newco: Beta

Structuring

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- ▶ **Newco Beta:** Contains 4 Bulkers financed by Chinese banks. These are considerably under water yet they must be offered attractive terms given that the Chinese banks benefit from a Corporate Guarantee.
- ▶ **Assumptions :** Loans novated to Newco Beta on existing terms. **Subject to an appropriate rescheduling of obligations we do not envisage equity being required for Newco Beta.**

Type	Facility	Name	Current LTV	Pro Forma LTV	(A) Actual Outstanding Loan	(B) Current Estimated Value
Capesize	CCB	Flash	100%	100%	33.1	33.0
Capesize	CCB	Proud	100%	100%	33.1	33.0
Capesize	CDB	Angel	119%	119%	43.0	36.0
Capesize	CDB	Pretty	125%	125%	45.1	36.0
Total Newco Beta		4	112%	112%	154.3	138.0

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**Plan B – Split of Fleet via Newco: Group C****Structuring**

- ▶ **Group C:** Contains 11 Bulkera financed by GB Global as well as the NSF-financed vessels.
- ▶ **Assumptions :** Entity would require revision of current contractual debt service in order to maintain liquidity; Subject to adequate concessions, facilities could opt into Newco Alpha or desist from participation and take ships back

Type	Facility	Name	Current LTV	Pro Forma LTV	(A) Actual Outstanding Loan	(B) Current Estimated Value
Kamsarmax	GB Global	Cash	96%	96%	26.0	27.0
Kamsarmax	GB Global	Coll./Chance	96%	96%	26.0	27.0
Kamsarmax	GB Global	City	96%	96%	26.0	27.0
Handymax	NSF	South	84%	84%	19.3	23.0
Handymax	NSF	East	84%	84%	19.3	23.0
Handymax	GB Global	West	103%	103%	23.7	23.0
Handymax	GB Global	Secret	103%	103%	23.7	23.0
Handymax	GB Global	Sharp	103%	103%	23.7	23.0
Handymax	GB Global	Capital	103%	103%	23.7	23.0
Handymax	GB Global	Metropol	103%	103%	23.7	23.0
Handymax	GB Global	World	103%	103%	23.7	23.0
Total Group C		11	98%	98%	258.8	265.0

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**Plan B – Split of Fleet: Residual Oldco: Group D****Structuring**

- ▶ **Group D, Geden Oldco:** 11 Group D vessels make up the residual fleet and are not part of the Company's future. These include the vessels funded by FSL, Icon, Octavian and Stealth when traditional financing was unavailable. Baytur will be sold April 2013.
- ▶ **Assumptions :** Entity would require revision of current contractual debt service in order to maintain liquidity; Proceeds from the sale to Newco Alpha would provide liquidity to pay down payables.

Type	Facility	Name	Current LTV	Pro Forma LTV	(A) Actual Outstanding Loan (PV of leases)	(B) Current Estimated Value
Aframax	FSL	Aqua	234%	234%	60.8	26.0
Aframax	FSL	Action	234%	234%	60.8	26.0
Aframax	Stealth	Spike	177%	177%	55.0	31.0
Aframax	Stealth	Avor	176%	176%	54.5	31.0
Suezmax	Icon 1	Center	145%	145%	67.9	47.0
Panamax	Octavian 1	Enjoy	141%	141%	42.2	30.0
Panamax	Octavian 2	Marka	128%	128%	41.0	32.0
Handymax	Icon 2	Fantastic	157%	157%	29.9	19.0
Handymax	Icon 2	Amazing	157%	157%	29.9	19.0
Chartered - Afra_Tanker	not ours	CV Stealth				
Chartered - Afra_Tanker	not ours	CS Stealth				
Subtotal SPVs		11 <sup>(1)</sup>	169%	169%	441.9	261.0
Corporate facility	Bank Asya				39.5	
Total Group D					481.4	

<sup>(1)</sup> Baytur sold before the transaction

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**Plan B – Summary**

Bank Exposure: By Facility

	Estimated Value	Current debt	LTV Current	PF Debt	LTV After	Change in debt	Change in LTV
Unicredit	99.0	94.9	96%	94.1	95%	(0.8)	-1%
NLB	60.0	62.1	104%	57.0	95%	(5.1)	-9%
HSH 2	43.0	46.1	107%	40.9	95%	(5.3)	-12%
DVB	25.0	25.3	101%	23.8	95%	(1.5)	-6%
CB NLB BrLB	41.0	40.5	99%	39.0	95%	(1.5)	-4%
DVB NLB SAN	63.0	62.1	99%	59.9	95%	(2.3)	-4%
HSH 1	49.0	48.5	99%	46.6	95%	(2.0)	-4%
DVB NLB	131.0	125.2	96%	124.5	95%	(0.8)	-1%
GB Global	219.0	220.3	101%	220.3	101%	0.0	0%
CDB	72.0	88.1	122%	88.1	122%	0.0	0%
CCB	66.0	66.2	100%	66.2	100%	0.0	0%
Credit Europe	50.0	53.6	107%	53.6	107%	0.0	0%
Lloyds	137.0	104.1	76%	104.1	76%	0.0	0%
NSF	46.0	38.5	84%	38.5	84%	0.0	0%
Natixis 1	27.0	23.4	87%	23.4	87%	0.0	0%
Natixis 2	16.0	14.0	88%	14.0	88%	0.0	0%
Octavian 2	32.0	41.0	128%	41.0	128%	0.0	0%
Octavian 1	30.0	42.2	141%	42.2	141%	0.0	0%
Deka	54.0	74.0	137%	74.0	137%	0.0	0%
Icon 1	47.0	67.9	145%	67.9	145%	0.0	0%
Icon 2	38.0	59.7	157%	59.7	157%	0.0	0%
Stealth	62.0	109.5	177%	109.5	177%	0.0	0%
FSL	52.0	121.6	234%	121.6	234%	0.0	0%
<b>TOTAL</b>	<b>1,459.0</b>	<b>1,628.8</b>	<b>112%</b>	<b>1,609.5</b>	<b>110%</b>	<b>(19.3)</b>	<b>-1%</b>

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**Plan B – Summary**

Bank Exposure: By Bank

	Estimated Value	Current debt	LTV Current	PF Debt	LTV After	Change in debt	Change in LTV
Unicredit	99.0	94.9	96%	94.1	95%	(0.8)	-1%
NLB	170.1	168.8	99%	161.6	95%	(7.1)	-4%
DVB	106.3	103.4	97%	100.9	95%	(2.5)	-2%
Commerzbank	14.8	14.6	99%	14.0	95%	(0.6)	-4%
BrLB	13.1	13.0	99%	12.5	95%	(0.5)	-4%
Santander	23.8	22.5	95%	22.0	93%	(0.6)	-2%
HSB	92.0	94.6	103%	87.4	95%	(7.2)	-8%
GB Global	219.0	220.3	101%	220.3	101%	0.0	0%
CDB	72.0	88.1	122%	88.1	122%	0.0	0%
CCB	66.0	66.2	100%	66.2	100%	0.0	0%
Credit Europe	50.0	53.6	107%	53.6	107%	0.0	0%
Lloyds	137.0	104.1	76%	104.1	76%	0.0	0%
NSF	46.0	64.0	139%	64.0	139%	0.0	0%
Natixis	35.0	30.4	87%	30.4	87%	0.0	0%
Octavian	62.0	83.2	134%	83.2	134%	0.0	0%
Deka	54.0	74.0	137%	74.0	137%	0.0	0%
Icon	85.0	127.6	150%	127.6	150%	0.0	0%
Stealth	62.0	109.5	177%	109.5	177%	0.0	0%
FSL	52.0	121.6	234%	121.6	234%	0.0	0%
<b>TOTAL</b>	<b>1,459.0</b>	<b>1,654.3</b>	<b>113%</b>	<b>1,635.0</b>	<b>112%</b>	<b>(19.3)</b>	<b>-1%</b>

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IV. Financial Analysis

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## Assumptions

### General

- Business plan is based on the following main assumptions:

#### Operations

- 20 offhire days for drydocking
- Rates applied to reflect type of vessel, adjusted for contract terms
- Charter-out options exercised if below market rate
- No Opex inflation
- No working capital movements

#### Investments

- Dry docking taken from technical management schedule
- No asset sales
- Capex as per financing commitments
- Charter-in come off upon expiry
- Purchase obligations resold at loss/gain equal to current differential between market value and financial obligation

#### Financing

- No variation in current base rate
- Margins as per specific facilities (following pages)
- Amortization as per specific facilities
- No interest rate swap
- Refinancing of Royal providing \$27.5m net liquidity post HSH repayment and before any repayment to yard (\$10m)
- Extension of Namrun on same terms upon Nov-13 maturity; likely to be sold within 2-3 years

#### Restructuring

- No mechanism for bareboat catch-up
- Bareboat purchase options not exercised
- No restructuring fees
- All bank deferrals assumed to take on new profile or bullet repayment (no assumption on bareboat deferrals)

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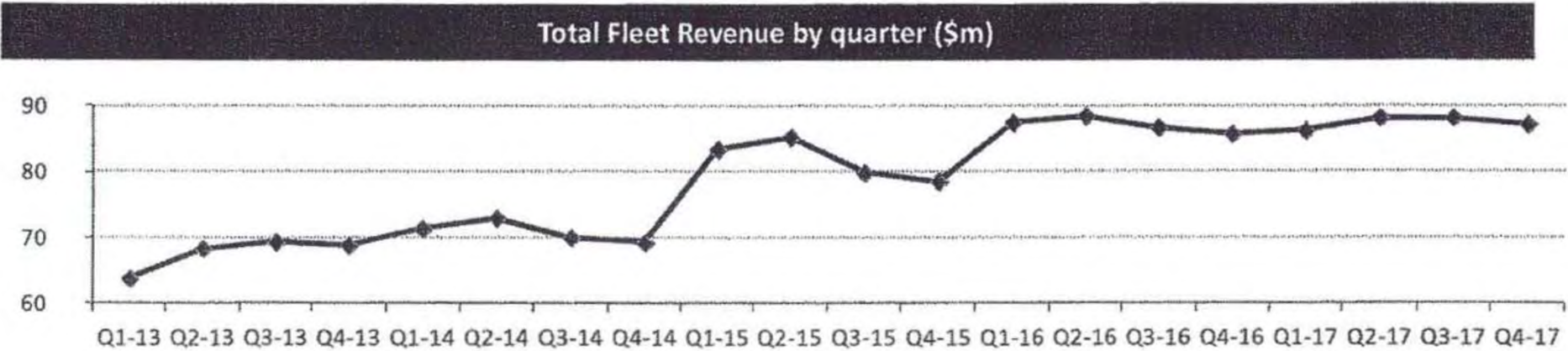
Assumptions

Rates

► The Company’s market projections imply CAGR increases of 8-11% for the majority of the fleet:

\$/day	2013	2014	2015	2016	2017	CAGR (12-17)
Aframax Tanker	14,000	14,000	17,500	19,000	21,000	8%
Suezmax Tanker	15,000	15,000	22,000	24,000	24,000	8%
Panamax Tanker	13,500	13,500	14,500	17,500	17,500	5%
MR Pro/Chem Tanker	13,000	13,000	15,000	15,000	15,000	3%
Ice Class Pro/Chem Tanker	12,500	12,500	14,000	14,000	14,000	3%
Capesize Bulk Carrier	15,000	17,500	20,000	22,000	22,000	11%
Kamsarmax Bulk Carrier	12,500	15,000	15,000	20,000	20,000	15%
Supramax Bulk Carrier	10,000	11,000	15,000	17,500	17,500	17%
Mini Bulk Carrier	5,000	6,000	7,000	8,000	8,000	15%

► The actual revenue increase accruing to the fleet through the projection differs as a result of the exercise of charter options and the JV structure on certain vessels (mainly Shell). Revenue CAGR through the period is 6.6%



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## Financial Analysis

### Summary of Terms: Newco Alpha

NewCoAlpha #1	Terms	NewCoAlpha #2	Terms
Senior Facilities	- NLB, Uni, DVB NLB, CB NLB BrLB, HSH1, HSH2, DVB NLB SAN, DVB NLB, DVB	Senior Facilities	- Lloyds
Amount	- \$485.5m (\$504.7m outstanding pre-transaction)	Amount	- \$104.1m (no change)
Interest	- Base Rate: LIBOR - Margin: 300bps w/ potential step-up based on prevalent rates	Interest	- Base Rate: LIBOR - Margin: No change (300bps)
Amortization	- 9-month grace period - Straight line profile based on first 15 years of vessel life - 5 year maturity	Amortization	- Current profile - Elimination of cash sweep
Covenants	- 95% LTV at close - 85% in Q4 14; 80% in Q4 15	Covenants	- No change
Security	- Share pledges, mortgages, earnings	Security	- Share pledges, mortgages, earnings
Other	- Removal of all deposit accounts	Other	- n/a
NewCoAlpha #3	Terms		
Senior Facilities	- Natixis	Senior Facilities	- Natixis
Amount	- \$37.4m (no change)	Amount	- \$37.4m (no change)
Interest	- Base Rate: LIBOR - Margin Scope: 160bps - Margin Namrun: 120bbps - 300bps starting with refinancing of Namrun	Interest	- Base Rate: LIBOR - Margin Scope: 160bps - Margin Namrun: 120bbps - 300bps starting with refinancing of Namrun
Amortization	- Current profile	Amortization	- Current profile
Covenants	- No change	Covenants	- No change
Security	- Share pledges, mortgages, earnings	Security	- Share pledges, mortgages, earnings
Other	- n/a	Other	- n/a



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## Financial Analysis

### Summary of Terms: Newco Alpha

NewCoAlpha #4	Terms	NewCoAlpha #5	Terms
Senior Facilities	- Credit Europe 1 <sup>st</sup> and 2 <sup>nd</sup> Lien on Royal, Namrun, Scope	Senior Facilities	- Dekabank
Amount	- \$53.6m (\$37.5m 1 <sup>st</sup> plus \$16.1m 2 <sup>nd</sup> )	Amount	- \$74.0 (no change)
Interest	- Base Rate: n/a - Interest Royal 1 <sup>st</sup> Lien : 800bps - Interest 2 <sup>nd</sup> Lien: 1,000bps	Interest	- Base Rate: LIBOR - Margin Tarsus: 245bps - Margin Spot: 185bps - Margin Clear: 245bps
Amortization	- Current profile	Amortization	- Amortisation on a cash/pay-as-you-can basis from vessel earnings
Covenants	- 2 year grace and 5 year profile	Covenants	- Suspended
Security	- Share pledges, mortgages, earnings	Security	- Share pledges, mortgages, earnings
Other	- n/a	Other	- Removal of all deposit accounts - Coordination agreement prohibiting recourse to the remainder of the group
NewCoAlpha #6	Terms		
Senior Facilities	- NSF 2 <sup>nd</sup> Lien (behind Unicredit)		
Amount	- \$25.5m (no change)		
Interest	- Base Rate: n/a - Fixed Margin: 1,150bps		
Amortization	- Current profile		
Covenants	- No change		
Security	- 2 <sup>nd</sup> Mortgages with possibility of additional 2 <sup>nd</sup> priority mortgages on entire facilities		
Other	- n/a		

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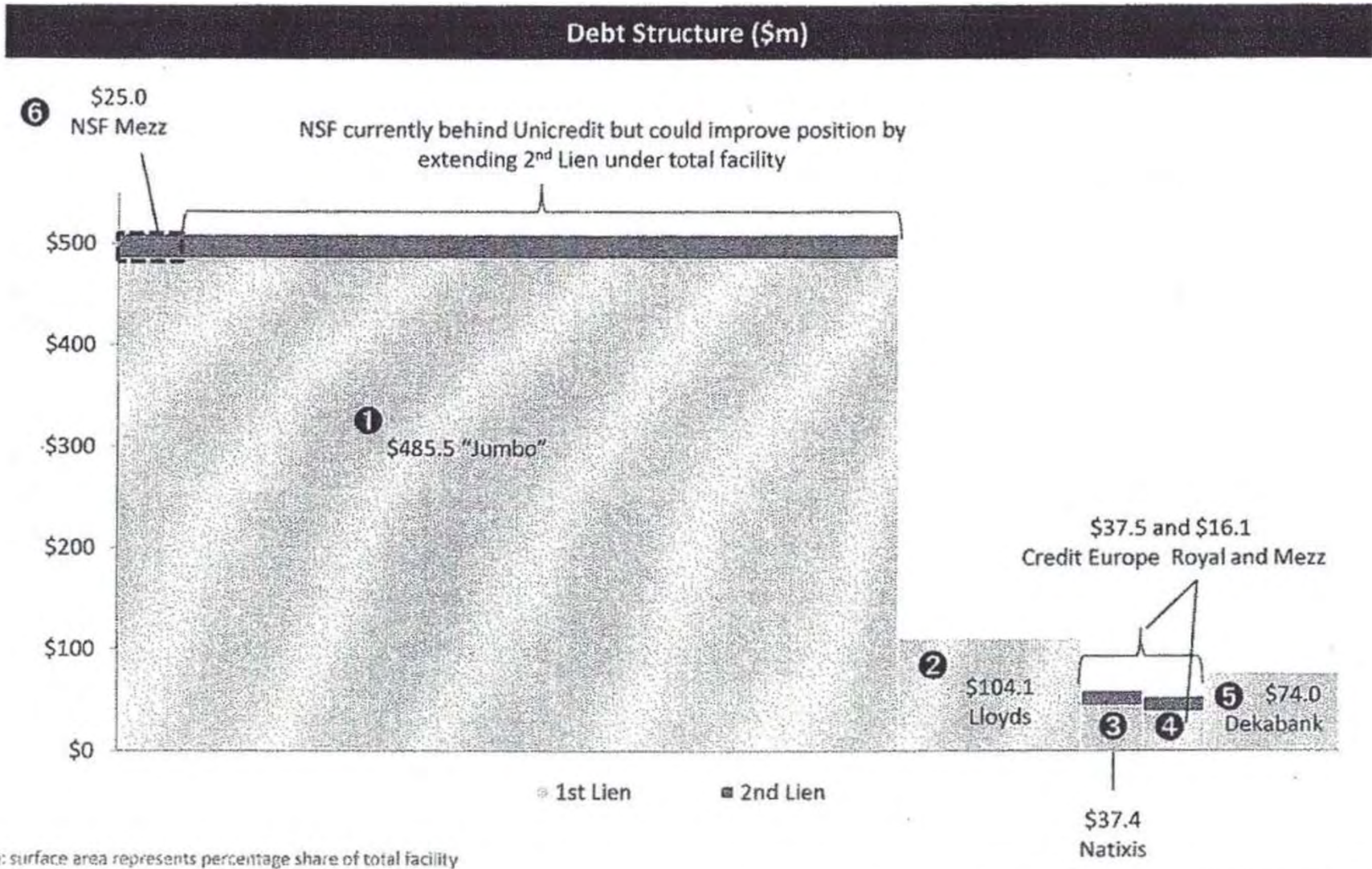
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Financial Analysis  
Summary of Terms: Newco Alpha

▶ The below tables summarises the features of debt on Newco Alpha



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## Financial Analysis

### Newco Alpha Quarterly Cashflow

	Q2-13	Q3-13	Q4-13	Q1-14	Q2-14	Q3-14	Q4-14	Q1-15	Q2-15	Q3-15	Q4-15
<b>OPERATING ACTIVITIES</b>											
Income	-	36.0	35.5	36.2	37.2	37.9	37.5	44.7	44.8	42.9	42.7
OPEX	-	(16.9)	(16.7)	(16.6)	(16.9)	(16.9)	(16.7)	(16.6)	(16.9)	(16.9)	(16.7)
Drydock	-	(0.4)	(1.0)	(0.5)	-	(0.9)	(0.8)	(0.9)	(1.8)	(0.9)	-
EBITDA	-	18.7	17.8	19.1	20.3	20.0	19.9	27.2	26.1	25.1	26.0
Working capital changes	-	-	-	-	-	-	-	-	-	-	-
Net operational cashflow	-	18.7	17.8	19.1	20.3	20.0	19.9	27.2	26.1	25.1	26.0
<b>FINANCING ACTIVITIES</b>											
Equity injections	-	74.4	-	-	-	-	-	-	-	-	-
Bank Interest (Senior)	-	(6.9)	(6.9)	(6.8)	(6.8)	(6.6)	(6.4)	(6.2)	(6.0)	(5.9)	(5.7)
Bank Principal Repayments <sup>(1)</sup>	-	-	(4.5)	(4.5)	(15.5)	(18.3)	(18.3)	(19.0)	(19.3)	(19.4)	(19.4)
NSF Interest (2nd lien)	-	(0.7)	(0.7)	(0.7)	(0.7)	(0.7)	(0.7)	(0.7)	(0.7)	(0.7)	(0.7)
Pre-Del Drawdown	-	-	-	-	-	-	-	-	-	-	-
Bareboat Drawdowns	-	-	-	-	-	-	-	-	-	-	-
Pre-Del Repayments	-	-	-	-	-	-	-	-	-	-	-
Net Financing Cashflow	-	66.7	(12.2)	(12.1)	(23.0)	(25.6)	(25.4)	(26.0)	(26.1)	(26.0)	(25.9)
<b>INVESTMENT ACTIVITIES</b>											
Capex	-	-	-	-	-	-	-	-	-	-	-
Asset Purchases <sup>(2)</sup>	-	(64.4)	-	-	-	-	-	-	-	-	-
Net Investment	-	(64.4)	-	-	-	-	-	-	-	-	-
Net cashflow for period	-	21.0	5.6	7.1	(2.7)	(5.6)	(5.5)	1.2	0.0	(1.0)	0.1
Cumulative net cash balance	-	20.8	26.4	33.5	30.7	25.1	19.6	20.8	20.8	19.9	20.0
<b>RATIOS (Beginning of Period)</b>											
Senior Debt Balance	-	(754.5)	(754.5)	(750.0)	(745.5)	(730.0)	(711.7)	(693.4)	(674.4)	(655.1)	(635.6)
NSF 2nd lien Balance	-	(25.5)	(25.5)	(25.5)	(25.5)	(25.5)	(25.5)	(25.5)	(25.5)	(25.5)	(25.5)
Leverage: (Debt/EBITDA)	0.00x	10.44x	10.96x	10.13x	9.49x	9.44x	9.26x	6.60x	6.70x	6.79x	6.36x
Hamburg Jumbo Facility LTV	-	95%	96%	97%	98%	97%	96%	95%	94%	93%	92%
Hamburg Jumbo Value (depreciated)	-	511.0	504.7	498.5	492.2	485.9	479.6	473.4	467.1	460.8	454.5
Vessels	29	29	29	29	29	29	29	29	29	29	29

<sup>(1)</sup> 9 months principal deferral on the Jumbo facility would be necessary to establish minimum liquidity requirements. Shortfall in absence of this shown above.

<sup>(2)</sup> Asset purchases net of new financing

<sup>(3)</sup> Equity cure for 85% covenant in Q4 14 and 80% for Q4 16

<sup>(4)</sup> Value based on depreciation of current market value; depreciation based on remaining life and scrap value (DWT/6 \* \$400)

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## Financial Analysis

### Summary of Terms: Newco Beta

▶ The below tables summarises the features of debt on Newco Beta

NewCo Beta:	Terms
Senior Facilities	- CCB, CDB
Amount	- \$154.3m (no change)
Interest	- No change to existing agreements
Amortization	- No change to existing agreements
Covenants	- No change to existing agreements
Security	- No change to existing agreements
Other	- n/a

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## Financial Analysis

### Newco Beta Quarterly Cashflow

	Q2-13	Q3-13	Q4-13	Q1-14	Q2-14	Q3-14	Q4-14	Q1-15	Q2-15	Q3-15	Q4-15
<b>OPERATING ACTIVITIES</b>											
Income	-	9.3	9.2	9.4	8.8	6.4	6.4	7.2	7.4	7.4	7.3
OPEX	-	(2.2)	(2.2)	(2.2)	(2.2)	(2.2)	(2.2)	(2.2)	(2.2)	(2.2)	(2.2)
Drydock	-	-	-	(0.9)	(0.9)	-	-	-	-	-	-
EBITDA	-	7.1	7.0	6.4	5.8	4.2	4.2	5.0	5.2	5.2	5.1
Working capital changes	-	-	-	-	-	-	-	-	-	-	-
Net operational cashflow	-	7.1	7.0	6.4	5.8	4.2	4.2	5.0	5.2	5.2	5.1
<b>FINANCING ACTIVITIES</b>											
Equity injections	-	-	-	-	-	-	-	-	-	-	-
Bank Interest	-	(1.3)	(1.3)	(1.2)	(1.2)	(1.1)	(1.1)	(1.0)	(1.0)	(1.0)	(0.9)
Bank Principal Repayments	-	(6.1)	(6.1)	(6.1)	(6.4)	(6.4)	(6.4)	(6.4)	(6.4)	(3.4)	(3.4)
Bareboat Payments	-	-	-	-	-	-	-	-	-	-	-
Pre-Del Drawdown	-	-	-	-	-	-	-	-	-	-	-
Bareboat Drawdowns	-	-	-	-	-	-	-	-	-	-	-
Pre-Del Repayments	-	-	-	-	-	-	-	-	-	-	-
Net Financing Cashflow	-	(7.4)	(7.4)	(7.3)	(7.6)	(7.6)	(7.5)	(7.4)	(7.4)	(4.4)	(4.4)
<b>INVESTMENT ACTIVITIES</b>											
Capex	-	-	-	-	-	-	-	-	-	-	-
Asset Purchases	-	-	-	-	-	-	-	-	-	-	-
Net Investment	-	-	-	-	-	-	-	-	-	-	-
Net cashflow for period	-	(0.4)	(0.4)	(0.9)	(1.8)	(3.3)	(3.3)	(2.4)	(2.3)	0.8	0.7
Cumulative net cash balance	-	(0.4)	(0.8)	(1.7)	(3.5)	(6.8)	(10.2)	(12.6)	(14.8)	(14.1)	(13.3)
<b>RATIOS (Beginning of Period)</b>											
Debt Balance	-	(161.3)	(155.2)	(149.0)	(142.9)	(136.5)	(130.0)	(123.6)	(117.2)	(110.8)	(107.3)
Bareboat balance	-	-	-	-	-	-	-	-	-	-	-
Leverage: (Debt/EBITDA)	0.00x	5.69x	5.54x	5.82x	6.20x	8.06x	7.77x	6.13x	5.69x	5.37x	5.27x
Loan to value	0%	118%	115%	111%	108%	104%	100%	96%	92%	88%	86%
Value (depreciated)	138.0	136.7	135.4	134.1	132.8	131.4	130.1	128.8	127.5	126.2	124.9
Vessels	4	4	4	4	4	4	4	4	4	4	4

<sup>(1)</sup> Value based on depreciation of current market value; depreciation based on remaining life and scrap value (DWT/5\*\$400)

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## Financial Analysis

### Geden Oldco Quarterly Cashflow

	Q1-13	Q2-13	Q3-13	Q4-13	Q1-14	Q2-14	Q3-14	Q4-14	Q1-15	Q2-15	Q3-15	Q4-15
<b>OPERATING ACTIVITIES</b>												
Income	64.9	59.0	24.3	24.3	25.5	26.3	25.9	25.6	31.6	32.3	29.0	28.8
OPEX	(29.8)	(28.9)	(12.5)	(12.4)	(12.3)	(12.5)	(12.5)	(12.4)	(12.3)	(12.5)	(11.4)	(11.0)
Drydock	(0.4)	(0.8)	-	-	(0.5)	-	-	-	-	(0.7)	(1.3)	-
EBITDA	34.7	29.3	11.8	11.9	12.7	13.7	13.3	13.2	19.3	19.1	16.3	17.7
Working capital changes <sup>(ii)</sup>	-	-	-	-	-	-	-	-	-	-	-	-
Net operational cashflow	34.7	29.3	11.8	11.9	12.7	13.7	13.3	13.2	19.3	19.1	16.3	17.7
<b>FINANCING ACTIVITIES</b>												
Equity injections	-	-	-	-	-	-	-	-	-	-	-	-
Bank Interest	(10.6)	(9.8)	-	-	-	-	-	-	-	-	-	-
Bank Principal Repayments	(23.8)	(29.9)	(39.5)	-	-	-	-	-	-	-	-	-
Bareboat Payments	(17.8)	(19.8)	(20.8)	(20.8)	(20.4)	(20.6)	(20.7)	(20.7)	(20.3)	(20.5)	(18.6)	(18.6)
Pre-Del Drawdown	45.0	8.5	-	-	-	-	-	-	-	-	-	-
Bareboat Drawdowns	119.3	25.3	25.3	-	-	-	-	-	-	-	-	-
Pre-Del Repayments	(57.9)	(12.2)	(13.2)	-	-	-	-	-	-	-	-	-
Net Financing Cashflow	54.0	(38.0)	(48.2)	(20.8)	(20.4)	(20.6)	(20.7)	(20.7)	(20.3)	(20.5)	(18.6)	(18.6)
<b>INVESTMENT ACTIVITIES</b>												
Capex	(82.7)	(42.3)	-	-	-	-	-	-	-	-	(2)	-
Asset Sale net proceeds	-	5.5	44.6	-	-	-	-	-	-	-	(23.9)	-
Net Investment	(82.7)	(36.8)	44.6	-	-	-	-	-	-	-	(23.9)	-
Net cashflow for period	6.0	(45.5)	8.2	(8.9)	(7.7)	(6.9)	(7.4)	(7.6)	(0.9)	(1.4)	(26.2)	(0.8)
Cumulative net cash balance	41.0	(4.5)	3.7	(5.3)	(12.9)	(19.8)	(27.2)	(34.8)	(35.7)	(37.1)	(63.4)	(64.2)
<b>RATIOS (Beginning of Period)</b>												
Debt Balance	(1,109.5)	(1,064.2)	-	-	-	-	-	-	-	-	-	-
Bareboat balance	(471.3)	(453.4)	(433.7)	(412.8)	(392.0)	(371.7)	(351.1)	(330.3)	(309.6)	(289.3)	(268.8)	(250.3)
Vessels	56	55	22	22	22	22	22	22	22	22	20	20

<sup>(ii)</sup> Working Capital change reflects paydown of corporate facility with cash from sale transaction; \$10m outstanding to Rongsheng is left unpaid

<sup>(ii)</sup> Purchase obligations on sale leasebacks assumed to generate cash loss equivalent to deficiency between current outstanding obligation and market value



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V. Conclusions

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Current Proposal

Strategy and Objectives

► The solution provides, directly or indirectly, for the primary objectives held by the different stakeholders.

Objective	Comments
1. Compensate stakeholders adequately for their risk-weighted capital exposure and concessions	<ul style="list-style-type: none"><li>• Assets with similar risk profile pooled together provides for better aligned incentives</li><li>• Lenders provided with adequate equity cushion, margins, and covenants</li><li>• Provides for recategorization of exposure from "Geden Holdings Ltd" to Newco where equity is "in-the-money" and shareholders are better incentivized to provide ongoing support</li></ul>
2. Constrain formal or informal cross subsidization between stakeholders related to different underlying assets	<ul style="list-style-type: none"><li>• While it reduces the portfolio effect of a broader fleet, combining similar assets together limits risk of cross subsidies going from high to low collateral vessels</li><li>• Pooling through creation of unique syndicate facility would facilitate granting of a second priority mortgage through the fleet as well as increase liquidity of bank assets, enabling lenders to sell out of assets without disrupting operations</li></ul>
3. Ring-fence potential sources of disruption, holdout, or nuisance (such as arrests or sister-ship arrests)	<ul style="list-style-type: none"><li>• Common set of incentives and exposure to recovery protects lenders from disruptive behaviour onset by other stakeholders with a markedly different position</li><li>• Sister-ship arrest risk minimized given shareholding structure in Newco</li></ul>
4. Maximize options for stakeholders and potential for self-selection	<ul style="list-style-type: none"><li>• Rebasing of assets can provide mechanism for transfer from one Newco profile to another (ie. Group C and D into A)</li><li>• Opting out of the scheme can be achieved via mutually agreed terms for redelivery of vessel to relevant lender</li></ul>



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# Contents

- A. Facility Description
- B. Financials: Existing
- C. Market Overview

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Appendix  
Facility Description

Facility	HSH1	HSH2	Natixis1	Natixis2	Icon1	Icon2	Octavian1	Octavian2
Debt / Bareboat	Debt	Debt	Debt	Debt	Bareboat	Bareboat	Bareboat	Bareboat
Vessels	Hero	Citron / Citrus	Scope	Namrun	Center	Fantasic / Amazing	Enjoy	Marka
Lender group	HSH	HSH	Natixis	Natixis	Icon [DVB]	Icon [DVB NLB]	Octavian [DVB]	Octavian [NLB]

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**Appendix: Transaction Analysis**  
Newco Beta Sources and Uses

Sources		Uses	
Existing debt rollover	154.3	Purchase at outstanding debt level	154.3
Total Sources	\$154.3	Total Uses	\$154.3

Additional liquidity to maintain operational cash balance not shown; Estimated at \$20m and could be financed via equity of deferrals

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Appendix: Transaction Analysis  
Residual Oldco Sources and Uses

Sources		Uses	
Alpha Sale Receipts	828.6	Alpha Vessels Debt Repayment	780.0
Beta Sale Receipts	154.3	Beta Vessels Debt Repayment	154.3
Baytur Sale Receipts	13.6	Baytur Debt Repayment	8.4
Group C Sale Receipts	258.8	Group C Repayment	258.8
		Change in Working Capital (Repayment of A/P) & corp. facility	53.8
Total Sources	\$1,255.3	Total Uses	\$1,255.3

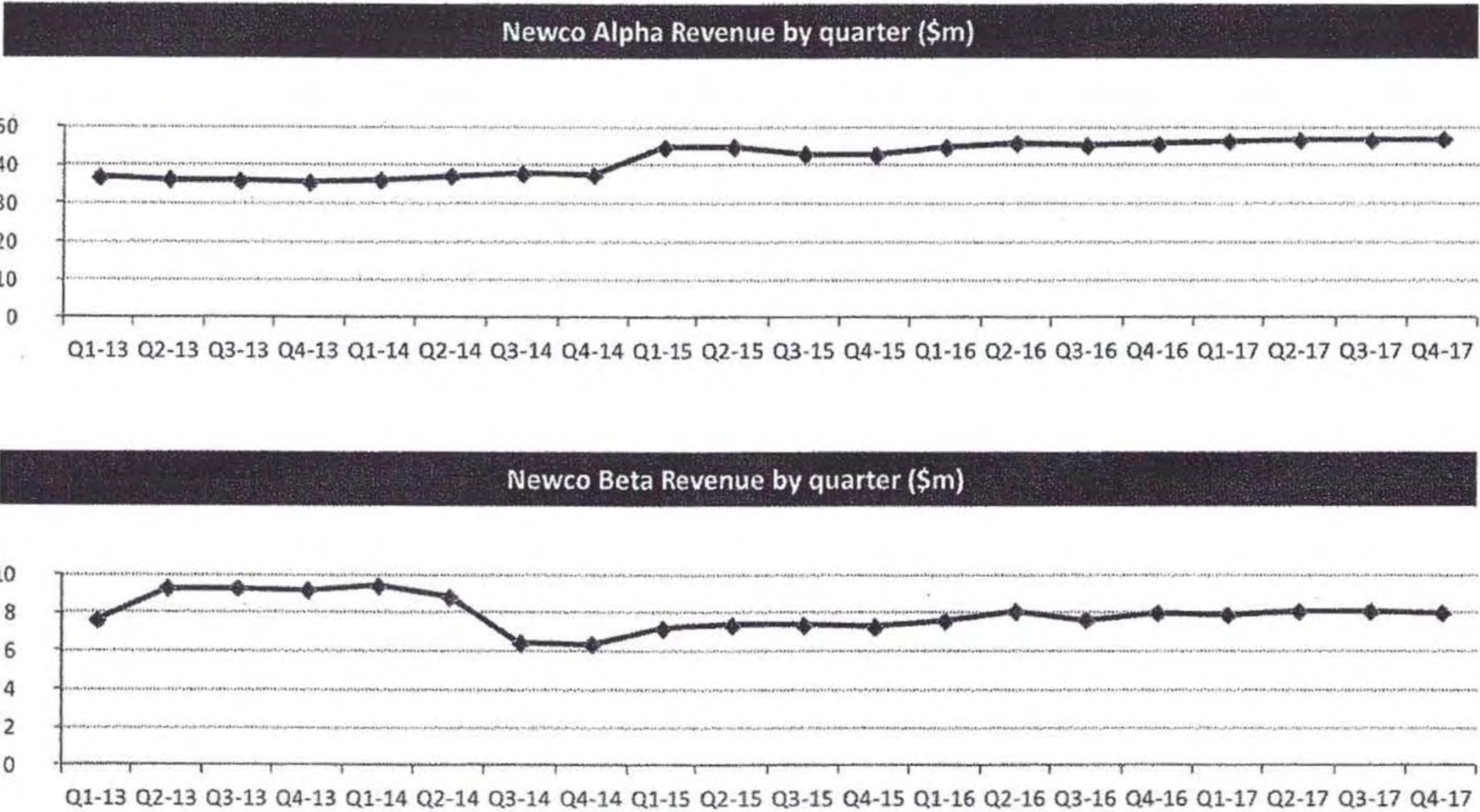
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Assumptions

Revenue

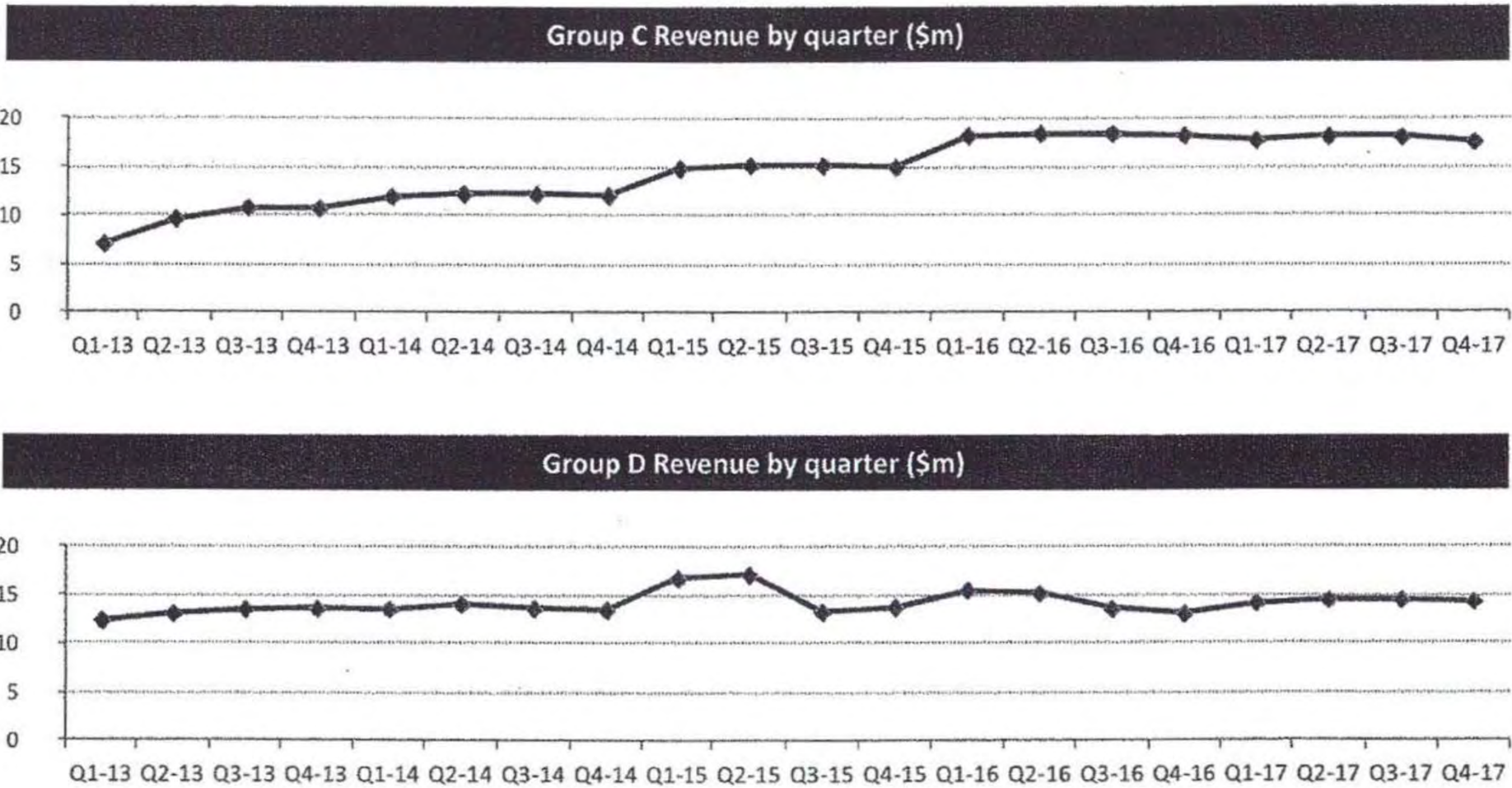


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Assumptions

Revenue



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## Appendix: Additional Financial Analysis

### Newco Alpha Five Year Cashflow

	2013	2014	2015	2016	2017
<b>OPERATING ACTIVITIES</b>					
Income	71.5	148.8	175.2	181.3	186.7
OPEX	(33.7)	(67.2)	(67.2)	(67.3)	(67.2)
Drydock	(1.4)	(2.3)	(3.6)	(6.3)	(2.3)
<b>EBITDA</b>	<b>36.5</b>	<b>79.3</b>	<b>104.4</b>	<b>107.7</b>	<b>117.2</b>
Working capital changes	-	-	-	-	-
<b>Net operational cashflow</b>	<b>36.5</b>	<b>79.3</b>	<b>104.4</b>	<b>107.7</b>	<b>117.2</b>
<b>FINANCING ACTIVITIES</b>					
Equity injections	74.4	-	-	-	-
Bank Interest (Senior)	(13.8)	(26.7)	(23.8)	(20.8)	(17.6)
Bank Principal	-	-	-	-	-
Repayments	(4.7)	(56.6)	(77.2)	(79.1)	(78.2)
NSF Interest (2nd lien)	(1.5)	(2.9)	(2.9)	(2.9)	(2.9)
Pre-Del Drawdown	-	-	-	-	-
Bareboat Drawdowns	-	-	-	-	-
Pre-Del Repayments	-	-	-	-	-
<b>Net Financing Cashflow</b>	<b>54.4</b>	<b>(86.2)</b>	<b>(104.0)</b>	<b>(102.7)</b>	<b>(98.8)</b>
<b>INVESTMENT ACTIVITIES</b>					
Capex	-	-	-	-	-
Asset Purchases	(64.4)	-	-	-	-
<b>Net Investment</b>	<b>(64.4)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net cashflow for period</b>	<b>26.4</b>	<b>(6.8)</b>	<b>0.4</b>	<b>4.9</b>	<b>18.4</b>
<b>Cumulative net cash balance</b>	<b>26.4</b>	<b>19.6</b>	<b>20.0</b>	<b>24.9</b>	<b>43.3</b>
<b>RATIOS (Beg. of Period)</b>					
Senior Debt Balance	(754.5)	(749.8)	(693.2)	(616.0)	(536.9)
NSF 2nd lien Balance	(25.5)	(25.5)	(25.5)	(25.5)	(25.5)
Leverage: (Debt/EBITDA)	21.40x	9.77x	6.88x	5.96x	4.80x
Hamburg Jumbo Facility LTV	95%	97%	95%	91%	86%
Value (depreciated)	511.0	498.5	473.4	448.3	423.2
Vessels	29	29	29	29	29

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## Appendix: Additional Financial Analysis

### Newco Beta Five Year Cashflow

	2013	2014	2015	2016	2017
<b>OPERATING ACTIVITIES</b>					
Income	18.5	31.0	29.2	31.3	32.1
OPEX	(4.4)	(8.8)	(8.8)	(8.8)	(8.8)
Drydock	-	(1.7)	-	(1.3)	-
<b>EBITDA</b>	<b>14.1</b>	<b>20.6</b>	<b>20.4</b>	<b>21.3</b>	<b>23.4</b>
Working capital changes	-	-	-	-	-
<b>Net operational cashflow</b>	<b>14.1</b>	<b>20.6</b>	<b>20.4</b>	<b>21.3</b>	<b>23.4</b>
<b>FINANCING ACTIVITIES</b>					
Equity injections	-	-	-	-	-
Bank Interest	(2.6)	(4.6)	(3.9)	(3.3)	(2.7)
Bank Principal	-	-	-	-	-
Repayments	(12.3)	(25.4)	(19.7)	(20.2)	(20.2)
Bareboat Payments	-	-	-	-	-
Pre-Del Drawdown	-	-	-	-	-
Bareboat Drawdowns	-	-	-	-	-
Pre-Del Repayments	-	-	-	-	-
<b>Net Financing Cashflow</b>	<b>(14.8)</b>	<b>(30.0)</b>	<b>(23.6)</b>	<b>(23.5)</b>	<b>(22.8)</b>
<b>INVESTMENT ACTIVITIES</b>					
Capex	-	-	-	-	-
Asset Purchases	-	-	-	-	-
<b>Net Investment</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net cashflow for period</b>	<b>(0.8)</b>	<b>(9.4)</b>	<b>(3.2)</b>	<b>(2.2)</b>	<b>0.5</b>
<b>Cumulative net cash balance</b>	<b>(0.8)</b>	<b>(10.2)</b>	<b>(13.3)</b>	<b>(15.6)</b>	<b>(15.0)</b>
<b>RATIOS (Beg. of Period)</b>					
Debt Balance	(161.3)	(149.0)	(123.6)	(103.9)	(83.8)
Bareboat balance	-	-	-	-	-
Leverage: (Debt/EBITDA)	11.45x	7.24x	6.05x	4.89x	3.59x
Loan to value	117%	112%	97%	85%	72%
Value (depreciated)	138.0	132.8	127.5	122.3	117.0
Vessels	4	4	4	4	4



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**Appendix: Additional Financial Analysis****Residual Oldco Five Year Cashflow**

	2013	2014	2015	2016	2017
<b>OPERATING ACTIVITIES</b>					
Income	172.5	103.2	121.6	121.3	105.5
OPEX	(83.7)	(49.7)	(47.2)	(39.6)	(33.6)
Drydock	(1.2)	(0.5)	(2.0)	(1.9)	(2.3)
<b>EBITDA</b>	<b>87.7</b>	<b>52.9</b>	<b>72.4</b>	<b>79.7</b>	<b>69.6</b>
Working capital changes	-	-	-	-	-
<b>Net operational cashflow</b>	<b>87.7</b>	<b>52.9</b>	<b>72.4</b>	<b>79.7</b>	<b>69.6</b>
<b>FINANCING ACTIVITIES</b>					
Equity injections	-	-	-	-	-
Bank Interest	(20.5)	-	-	-	-
Bank Principal Repayments	(93.2)	-	-	-	-
Bareboat Payments	(79.2)	(82.4)	(77.9)	(64.0)	(49.6)
Pre-Del Drawdown	53.4	-	-	-	-
Bareboat Drawdowns	169.8	-	-	-	-
Pre-Del Repayments	(83.3)	-	-	-	-
<b>Net Financing Cashflow</b>	<b>(53.0)</b>	<b>(82.4)</b>	<b>(77.9)</b>	<b>(64.0)</b>	<b>(49.6)</b>
<b>INVESTMENT ACTIVITIES</b>					
Capex	(125.0)	-	-	-	-
Asset Sale net proceeds	50.1	-	(23.9)	(37.2)	(24.1)
<b>Net Investment</b>	<b>(75.0)</b>	<b>-</b>	<b>(23.9)</b>	<b>(37.2)</b>	<b>(24.1)</b>
<b>Net cashflow for period</b>	<b>(40.3)</b>	<b>(29.5)</b>	<b>(29.4)</b>	<b>(21.5)</b>	<b>(4.2)</b>
<b>Cumulative net cash balance</b>	<b>(5.3)</b>	<b>(34.8)</b>	<b>(64.2)</b>	<b>(85.7)</b>	<b>(89.9)</b>
<b>RATIOS (Beg. of Period)</b>					
Debt Balance	(1,109.5)	-	-	-	-
Bareboat balance	(471.3)	(392.0)	(309.6)	(231.7)	(167.7)
Vessels	56	22	20	17	14

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## Appendix

Bank Exposure: Hamburg reduced to 90% LTV

- Equity required if LTV improved to 90% is \$90.0m (\$25.6m more than at an LTV of 95%)

	Estimated Value	Current debt	LTV Before	New Debt	LTV After	Change in debt	Change in LTV
Unicredit	99.0	94.9	96%	89.1	90%	(5.8)	-6%
NLB	170.1	168.8	99%	153.1	90%	(15.7)	-9%
DVB	106.3	103.4	97%	95.6	90%	(7.8)	-7%
Commerzbank	14.8	14.6	99%	13.3	90%	(1.3)	-9%
BrLB	13.1	13.0	99%	11.8	90%	(1.1)	-9%
Santander	23.8	22.5	95%	21.2	89%	(1.4)	-6%
HSH	92.0	94.6	103%	82.8	90%	(11.8)	-13%
GB Global	219.0	220.3	101%	220.3	101%	0.0	0%
CDB	72.0	88.1	122%	88.1	122%	0.0	0%
CCB	66.0	66.2	100%	66.2	100%	0.0	0%
Credit Europe	50.0	53.6	107%	53.6	107%	0.0	0%
Lloyds	137.0	104.1	76%	104.1	76%	0.0	0%
NSF	46.0	64.0	139%	64.0	139%	0.0	0%
Natixis	35.0	30.4	87%	30.4	87%	0.0	0%
Octavian	62.0	83.2	134%	83.2	134%	0.0	0%
Deka	54.0	74.0	137%	74.0	137%	0.0	0%
Icon	85.0	127.6	150%	127.6	150%	0.0	0%
Stealth	62.0	109.5	177%	109.5	177%	0.0	0%
FSL	52.0	121.6	234%	121.6	234%	0.0	0%
<b>TOTAL</b>	<b>1,459.0</b>	<b>1,654.3</b>	<b>113%</b>	<b>1,609.4</b>	<b>110%</b>	<b>(44.8)</b>	<b>-3%</b>

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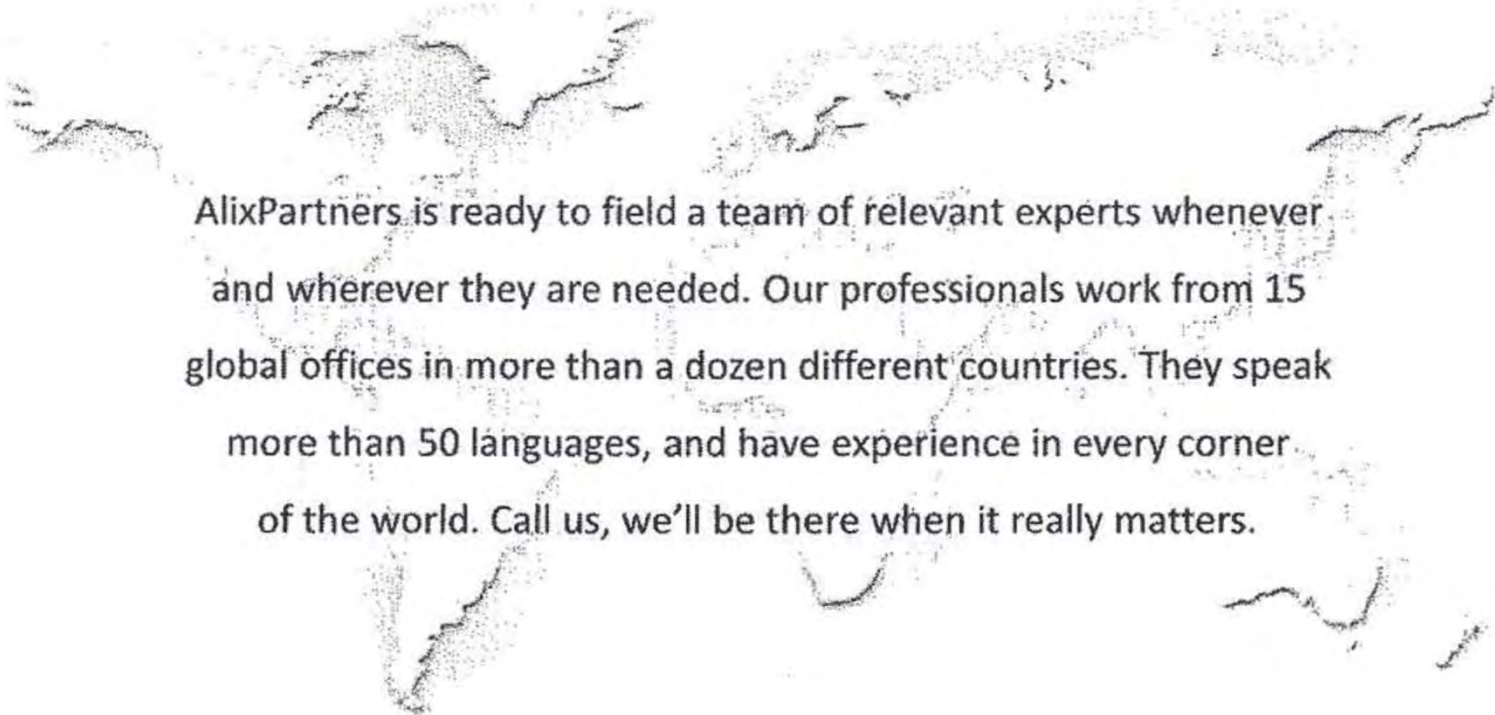
Appendix

Potential loss on bareboat purchase obligations

- There exist a number of obligations to purchase at future dates under the following bareboat agreements. The cashflows reflect the following losses occurring via purchase and resale at the obligation date. It assumes no changes to market values but applies depreciation to current estimated values over the time until the purchase and resale date. If the vessels were retained rather than crystallize the loss, then there would be a greater cash outflow for refinancing plus further ongoing loss on vessels were these occur.

	Purchase obligation (\$m)	Estimated value today (\$m)	Loss on resale	Depreciated value (\$m)	Loss on resale	Purchase Ob. Date	Years	Monthly depreciation
Avor	51.5	31	-20.5	27.6	-23.9	Aug-15	2.6	0.11
Enjoy	38.5	30	-8.5	25.5	-13.0	Apr-16	3.2	0.11
Centre	64.5	47	-17.5	40.2	-24.3	Jun-16	3.4	0.17
Marka	37	32	-5	26.0	-11.0	Apr-17	4.2	0.12
Fantastic	21.5	19	-2.5	14.9	-6.6	Oct-17	4.8	0.07
Amazing	21.5	19	-2.5	14.9	-6.6	Oct-17	4.8	0.07
TOTAL	234.5	178	-56.5	149.2	-85.3			

Global Locations



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